

CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 04/25/06

AGENDA ITEM 6

WORK SESSION ITEM

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Extension of Certain Time Limits of Redevelopment Plan by Two Years

RECOMMENDATION:

It is recommended that the City Council introduce the attached Ordinance extending certain time limitations of the Redevelopment Plan by two years.

BACKGROUND:

In 2002 the State of California enacted legislation that required redevelopment agencies to shift a portion of their property tax increment revenues to schools and community colleges by making a payment to the Educational Revenue Augmentation Fund (ERAF) for the FY 2002-03. Legislation passed in subsequent years continued the mandatory payment by redevelopment agencies each year up through FY 2005-06. The Hayward Redevelopment Agency paid \$98,776 in the FY 2002-03, and the amount has increased each year, with \$529,766 due in FY 2005-06.

The mandated ERAF payments have had a negative fiscal effect on redevelopment agencies' activities by limiting their ability to incur and repay debt. In order to offset this effect, the State adopted legislation in 2003 that allowed agencies to extend by one year the effective "lifetime" of the redevelopment plan and the time during which an agency may repay debt with tax revenues. Subsequently, City Council adopted an ordinance which provided for a one year extension of the specific time limits for each of the four sub-areas in the Hayward Redevelopment Project Area, which are indicated in the attached Exhibit A.

In 2004 the State extended the ERAF payments two more years for FY 2004-05 and FY 2005-06, and also adopted legislation allowing redevelopment agencies to again extend the effectiveness of redevelopment plans and debt repayment time limits for each year the ERAF payment was required. However, the extension of the provision was only allowed for redevelopment plans with no more than 20 years remaining. Under these parameters, two sub-areas of the Hayward Redevelopment Project Area are eligible to extend their time limits and their ability to use tax increment to repay indebtedness.

The eligible sub-areas are the Original Redevelopment Area and the area added in 1987 (Expansion Area No. 1), as indicated on Exhibit A. A primary benefit of extending these Plan limits by two years is that it would enable the Agency to extend its financing capacity for downtown revitalization efforts, public facilities and transit oriented development efforts.

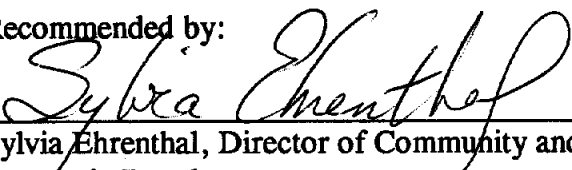
The proposed Ordinance would amend the Hayward Redevelopment Plan as follows. The time limits relating to the Plan's effectiveness would be extended to December 2018 for the Original Redevelopment Area and December 2023 for the area added in 1987 (Expansion Area No. 1), and the time limits to receive tax increment and repay debt would be extended to December 2028 for both sub-areas. The Ordinance would not change any other limitations of the Plan.

A notice regarding this public hearing was sent to the affected taxing entities and was published in the newspaper as required by law. The Staff recommends that the public hearing be held and that subsequently, the Ordinance be introduced.

Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Sylvia Ehrental, Director of Community and
Economic Development

Approved by:


Jesús Armas, City Manager

Attachments: Exhibit "A": Redevelopment Project Area Map
Ordinance

**DUE TO THE LENGTH OR COLOR
OF THE REFERENCED EXHIBIT,
IT HAS BEEN ATTACHED AS A
SEPARATE LINK.**

DRAFT

ORDINANCE NO.

**AN ORDINANCE OF THE CITY OF HAYWARD, CALIFORNIA,
EXTENDING THE TIME LIMIT FOR EFFECTIVENESS OF THE
REDEVELOPMENT PLAN FOR THE DOWNTOWN
REDEVELOPMENT PROJECT**

**WHEREAS, the City Council of the City of Hayward, California (the "City Council"),
adopted Ordinance No. 75-029 on December 30, 1975 approving and adopting the
Redevelopment Plan (the "Redevelopment Plan") for the Downtown Hayward Redevelopment
Project (the "Project"); and**

**WHEREAS, on December 6, 1986, the City Council adopted Ordinance No. 86-041,
amending section V E pertaining to property acquisition and sections VIII A and B concerning
the methods of financing; and**

**WHEREAS, on April 21, 1987, the City Council adopted Ordinance No. 87-009, adding
Project Expansion Area No. 1 to the Redevelopment Project Area; and**

**WHEREAS, on July 28, 1992, the City Council adopted Ordinance No. 92-21, making
certain technical changes to the Redevelopment Plan; and**

**WHEREAS, on December 20, 1994, the City Council adopted Ordinance No. 94-30,
establishing certain limitations with respect to the Redevelopment Plan; and**

**WHEREAS, on November 10, 1998, the City Council adopted Ordinance No. 98-16,
adding Project Expansion Area No. 2 to the Redevelopment Project Area; and**

**WHEREAS, on June 25, 2001, the City Council adopted Ordinance No. 01-07, adding
Project Expansion Area No. 3 to the Redevelopment Project Area; and**

**WHEREAS, on March 16, 2004 the City Council adopted Ordinance No. 04-03,
extending the time limit on the effectiveness of the Redevelopment Plan by one year and
extending the time limit for incurring indebtedness with respect to the Redevelopment Plan; and**

**WHEREAS, the current time limits on the effectiveness of the Redevelopment Plan
established pursuant to Section XI the Redevelopment Plan, as amended, is as set forth below:**

Original Project Area	December 30, 2016
Project Expansion Area No. 1	December 30, 2021

Project Expansion Area No. 2

November 10, 2029

Project Expansion Area No. 3

June 25, 2032

WHEREAS, with respect to the Original Project Area and Project Expansion Area No. 1, the Agency shall not pay indebtedness or receive property taxes pursuant to Health and Safety Code Section 33670 after ten (10) years from the termination of the effectiveness of the Redevelopment Plan. Based upon the termination date established above, the Agency shall not pay indebtedness or receive property taxes pursuant to Section 33670 after:

Original Project Area

December 30, 2026

Project Expansion Area No. 1

December 30, 2026

WHEREAS, with respect to Project Expansion Nos. 2 and 3, the current time limit to repay indebtedness with the proceeds of taxes received pursuant to Health and Safety Code Section 33670 is forty-six (46) years from the adoption of the amendments to the Redevelopment Plan adding those Project Expansion Areas, respectively:

Project Expansion Area No. 2

November 10, 2044

Project Expansion Area No. 3

June 25, 2047

WHEREAS, the Redevelopment Agency of the City of Hayward, California (the "Agency") has been designated as the official redevelopment agency in the City of Hayward to carry out the functions and requirements of the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.) and to implement the Redevelopment Plan; and

WHEREAS, Section 33333.6 of the Health and Safety Code was amended by SB 1096 which took effect on September 5, 2004, and which provides that when an agency is required to make a payment pursuant to Section 33681.12 the legislative body may, in certain circumstances, amend the redevelopment plan to extend by one year the time limit on the effectiveness of the redevelopment plan and the time limit on receipt of tax increment and payment of indebtedness by one year for each year the Agency makes such a payment; and

WHEREAS, Section 33333.6 was also amended to state that if the time limit for the effectiveness of the redevelopment plan established pursuant to subdivision (a) of Section 33333.6 is more than 10 years but less than 20 years from the last day of the fiscal year in which a payment is made, the legislative body must make certain findings; and

WHEREAS, Subparagraph (e)(2)(D)(iii) of Section 33333.6 states that if the time limit for the effectiveness of the redevelopment plan established pursuant to subdivision (a) of Section 33333.6 is more than 20 years after the last day of the fiscal year in which such a payment is made the amendments described above do not apply; and

WHEREAS, pursuant to Health and Safety Code Section 33681.12 the Agency is required to make a payment to the Alameda County Educational Revenue Augmentation Fund for the fiscal years 2004-2005 and 2005-2006.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward does hereby ordain as follows:

Section 1. The time limit on the effectiveness of the Redevelopment Plan with respect to the Original Project Area and Project Expansion Area No. 1, as set forth in Section XI of the Redevelopment Plan, as amended, is hereby amended as follows:

Original Project Area	December 30, 2018
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Project Expansion Area No. 1	December 30, 2023
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Section 2. With respect to the Original Project Area and Project Expansion Area No. 1, the Agency shall not pay indebtedness or receive property taxes pursuant to Health and Safety Code Section 33670 after ten (10) years from the termination of the effectiveness of the Redevelopment Plan. Based upon the termination date established in Section 1 of this Ordinance, the Agency shall not pay indebtedness or receive property taxes pursuant to Section 33670 after:

Original Project Area	December 30, 2028
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Project Expansion Area No. 1	December 30, 2028
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Section 3. With respect to Project Expansion Area Nos. 2 and 3, the Agency cannot apply the extension because the effectiveness of the plans are more than 20 years from the last day of the fiscal year in which a payment was made.

Section 4. The City Council hereby finds and determines with respect to the original Project Area and the Project Expansion Area No. 1, all of the following:

a. The Agency is in compliance with the requirements of Section 33334.2 or 33334.6, as applicable.

b. The Agency has adopted an implementation plan in accordance with the requirements of Section 33490.

c. The Agency is in compliance with subdivisions (a) and (b) of Section 33413, to the extent applicable.

d. The Agency is not subject to sanctions pursuant to subdivision (e) of Section 33334.12 for failure to expend, encumber or disburse an excess surplus.

Section 5. Ordinance Nos. 75-029, 86-041, 87-009, 92-21, 94-30, 98-16, 01-07, and 04-03 are continued in full force and effect except as amended by this Ordinance.

Section 6. The City Clerk is hereby directed to send a certified copy of this Ordinance to the Agency.

Section 7. If any part of this Ordinance is held to be invalid for any reason, such decision shall not affect the validity of the remaining portion of this Ordinance, and this City Council hereby declares that it would have passed the remainder of this Ordinance if such invalid portion thereof had been deleted.

Section 8. The City Clerk will certify to the passage of this Ordinance by the City Council of the City of Hayward, California, and cause the same to be published once in the Daily Review, a newspaper of general circulation, published and circulated in the City of Hayward, and it will take effect thirty (30) days after its final passage.

INTRODUCED at a regular meeting of the City Council of the City of Hayward, held the _____ day of _____, 2006, by Council Member _____.

ADOPTED at a regular meeting of the City Council of the City of Hayward held the _____ day of _____, 2006, by the following votes of members of said City Council.

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

APPROVED:

Mayor of the City of Hayward

DATE:

ATTEST:

City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward